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Weinberger Drug Stores, Inc.

Cleveland, Ohio

Annual Report

for the year ending
December 31, 1931

TO THE SHAREHOLDERS:

In behalf of the Board of Directors, I present herewith the annual report for 1931, based upon audit of our books by Messrs. Ernst & Ernst.

The net profit for the year after deducting all charges including depreciation and provision for Federal Income Tax, amounted to $100,482.36, equivalent to $1.35 per share on the total shares outstanding at December 31, 1931. The profit stated is in excess of that for the year 1930 by over 13%.

During the year 1931, your Company added three new stores to its chain making a total of twenty-four stores in operation. These additions were made without increasing capital, which stands the same as at the beginning of the year. A comparison of current assets and current liabilities at December 31, 1930 and December 31, 1931, follows:

	DEC. 31, 1930	DEC. 31, 1931
Current Assets:		
Cash and Government Securities	$ 64,459.52	$ 70,255.06
Accounts Receivable	24,044.48	26,061.97
Inventory	549,522.11	520,992.71
Cash surrender value of life insurance	—0—	1,914.14
TOTAL CURRENT ASSETS	$638,026.11	$619,223.88
Current Liabilities:		
Notes Payable	$ 2,510.00	$ —0—
Accounts Payable	122,250.94	109,163.28
Accrued Accounts	29,768.81	18,241.02
TOTAL CURRENT LIABILITIES	$154,529.75	$127,404.30
NET CURRENT ASSETS	$483,496.36	$491,819.58

The progress made has been greatly influenced by the active assistance rendered by the Company's many friends and shareholders and the policies that have created this confidence will be vigorously maintained.

Very truly yours,
ADOLPH WEINBERGER,
President.

CONDENSED BALANCE SHEET

WEINBERGER DRUG STORES, INC. CLEVELAND AND SUBSIDIARIES
December 31, 1931

ASSETS

CURRENT		
Cash on hand and on deposit	$ 70,255.06	
Customers' accounts receivable and creditors' debit balances	26,061.97	
Inventory (certified by management)	520,992.71	
Cash surrender value of life insurance	1,914.14	$619,223.88
OTHER ASSETS		
Officer's and employees' notes receivable-secured by Company's capital stock	$ 30,173.48	
Treasury stock (1,693.21 shares) at cost (indicated market value at December 31, 1931—$16,932.10)	21,848.58	
Deposits in closed banks, less allowance for possible loss	11,355.32	
Sundry deposits, personal and miscellaneous accounts receivable, etc.	16,585.13	79,962.51
PERMANENT		
Furniture and fixtures, including improvements to leased property (book value)	$217,822.23	
Less: Allowance for depreciation	40,751.07	177,071.16
PATENTS AND TRADE MARKS		1.00
DEFERRED		
Unexpired insurance premiums, supplies inventory, etc.		9,575.83
		$885,834.38

LIABILITIES

CURRENT		
Accounts payable for purchases, expenses, etc.	$109,163.28	
Accrued rent and taxes	18,241.02	$127,404.30
CAPITAL STOCK AND SURPLUS		
Capital stock (without par value)		
Authorized 100,000 shares		
Outstanding 75,702.21 shares (including outstanding scrip certificates and provision for scrip dividend payable January 1, 1932)		
Stated capital	$546,000.00	
Capital surplus	$ 81,951.70	
Profit and loss-surplus	130,478.38	212,430.08	758,430.08
		$885,834.38

(NOTE) This balance sheet is subject to the comments in our "Certificate", included in this report.

PROFIT AND LOSS SURPLUS

WEINBERGER DRUG STORES, INC. CLEVELAND AND SUBSIDIARIES

For Year Ended December 31, 1931

BALANCE December 31, 1930—as shown by audit report		$102,249.27
ADDITION		
Summary of earnings for the year ended December 31, 1931:		
Net sales	$2,604,609.04	
Less: Cost of sales	1,767,810.02	
GROSS PROFIT	$836,799.02	
Less: Selling, general and administrative expense	710,562.61	
OPERATING PROFIT	$126,236.41	
Other deductions-net	9,254.05	
PROFIT BEFORE FEDERAL INCOME TAX	$116,982.36	
Provision for federal income tax	16,500.00	
NET PROFIT		$100,482.36
LESS:		
Dividends paid-$1.00 per share (stock dividend amounting to 2,942.03 shares also paid during current year)		72,253.25
NET ADDITION		28,229.11
BALANCE DECEMBER 31, 1931—AS SHOWN BY ANNEXED BALANCE SHEET		$130,478.38

February 5, 1932.

Weinberger Drug Stores, Inc.,
Cleveland.

Gentlemen:—

We have examined the books of account and record pertaining to the assets and liabilities of WEINBERGER DRUG STORES, INC., and SUBSIDIARIES, AVERBECK DRUG STORES, INC., and SUPERIOR LABORATORIES, INC., all of CLEVELAND, as of the close of business December 31, 1931, and submit herewith condensed consolidated balance sheet as of that date, together with surplus statement for the year then ended.

The results from operations, as reflected in the accompanying surplus statement, are included as shown by the Companies' books without detailed verification by us, however, we made test checks of the various items included therein.

Cash funds, as shown in the annexed balance sheet, were accounted for by us, the change and petty cash funds at stores, aggregating $5,095.00, having been confirmed to us by the store managers. Trial balance of the individual debtors' accounts evidenced the total of customers' accounts, but we did not correspond with the recorded debtors.

The inventory of merchandise is based upon physical inventories taken under the direction of the management and certified to us by an officer of the Companies as to quantities, salability and prices used, the latter as representing estimated cost or lower. We tested the mathematical accuracy of computations and method of pricing, and also tested the quantities in the laboratory, warehouse and three of the Companies' stores.

Officer's and empolyees' notes receivable, together with relative collateral, and treasury stock were satisfactorily accounted for. Deposits in closed banks and sundry deposits were confirmed to us and personal and miscellaneous accounts receivable were evidenced by trial balance.

Permanent assets are stated at cost, less allowance for depreciation to December 31, 1931. In our opinion, the charges to these accounts during the year 1931 represent capitalizable items. Allowance for depreciation, in the amount of $19,970.14, has been charged against current operations.

Liabilities include provision for all obligations of the Companies at December 31, 1931, disclosed by the records examined and information obtained by us.

This condensed report has been prepared from our audit report in which further comments as to scope of examination and other details are set forth.

Subject to the foregoing, WE HEREBY CERTIFY, that, in our opinion, based upon the records examined and information obtained by us, the annexed consolidated balance sheet sets forth the financial position of WEINBERGER DRUG STORES,INC., AND SUBSIDIARIES, as of the close of business December 31, 1931.

Very truly yours,
ERNST & ERNST,
CERTIFIED PUBLIC ACCOUNTANTS.